

ORDER NO. 2024

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman; and  
Robert G. Taub

Market Dominant Product Prices  
Inbound Market Dominant Multi-Service Agreements  
with Foreign Postal Operators  
China Post Group – United States Postal Service  
Multi-Product Bilateral Agreement (MC2010-35)  
Negotiated Service Agreement

Docket No. R2014-7

NOTICE AND ORDER CONCERNING TYPE 2 RATE ADJUSTMENT  
AND CHINA POST 2014 NEGOTIATED SERVICE AGREEMENT

(Issued March 18, 2014)

I. INTRODUCTION

On March 14, 2014, the Postal Service filed notice, pursuant to 39 CFR 3010.40 *et seq.*, of a Type 2 rate adjustment and the filing of a related negotiated service agreement with China Post Group involving the inbound portion of a multi-product bilateral agreement (2014 Agreement).<sup>1</sup> The Postal Service requests that the Commission include the 2014 Agreement within the Inbound Market Dominant Multi-

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<sup>1</sup> Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement with China Post Group, March 14, 2014 (collectively, Notice).

Service Agreements with Foreign Postal Operators (MC2010-35, R2010-5, and R2010-6) (Foreign Postal Operators 1) product. *Id.* at 13.

## II. CONTENTS OF FILING

The Postal Service's filing consists of the Notice, two attachments, and redacted and unredacted versions of an Excel file with supporting financial workpapers. *Id.* at 2. Attachment 1 is an application for non-public treatment of material filed under seal with the Commission. *Id.* Attachment 2 is a redacted copy of the 2014 Agreement. *Id.*

The Notice identifies May 1, 2014 as the intended effective date of the 2014 Agreement and June 30, 2015 as the expiration date. *Id.* at 11. The Notice asserts that the requisite 45 days' advance notice is being provided; identifies a Postal Service official as a contact for further information; and identifies the parties to the Agreement as the United States Postal Service and China Post Group, the postal operator for China. *Id.* at 2-4. The Notice states that the Agreement includes delivery confirmation scanning with Letter Post small packets, a service also included in the China Post 2010, China Post 2011, and China Post 2013 Agreements. *Id.* at 4. However, it states that the 2014 Agreement includes two versions of inbound scanning with small packets: China to United States Small Packet with Delivery Scanning Dispatched by China EMS (the subject of Annex 2) and China to United States Small Packet with Delivery Scanning Dispatched by China Letter Post (the subject of Annex 10). *Id.* It asserts that the two versions acknowledge the roles of, differentiate processing by, and improve settlement procedures in relation to the two entities within China Post that dispatch inbound delivery confirmation scanning with small packets. *Id.*

The Notice states that the financial workpapers address the expected financial improvements, costs, volumes, and revenues; describes several operational improvements; and provides reasons why the 2014 Agreement will not result in unreasonable harm to the marketplace. *Id.* at 4-7. It also includes requests for exceptions to the financial data and service performance requirements in 39 CFR 3010.43 and 3055.3(a)(3), respectively; addresses the consistency of the filing with the

statutory criteria in 39 U.S.C. 3622(c)(10); and discusses functional equivalency. *Id.* at 8-12. The functional equivalency discussion identifies the predecessor 2013 China Post Agreement as the baseline agreement; describes differences between the 2014 Agreement and the baseline agreement; and concludes that the differences do not affect the similarity of market characteristics or similarity of cost characteristics of the two agreements. *Id.* at 11-12.

### III. INITIAL COMMISSION ACTION

The Commission, in conformance with rule 3010.44, establishes Docket No. R2014-7 to consider issues raised by the Notice. The Commission invites public comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3622 and 39 CFR 3010, subpart D. Comments are due no later than March 24, 2014. The public portions of the Postal Service's filing have been posted on the Commission's website and can be accessed at <http://www.prc.gov>. Information on the Commission's treatment of non-public materials, including how to obtain access to such materials, appears at 39 CFR part 3007. The Commission appoints Pamela A. Thompson to serve as Public Representative in this docket.

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. R2014-7 to consider matters raised by the Notice of United States Postal Service of Type 2 Rate Adjustment, and Notice of Filing Functionally Equivalent Agreement, filed March 14, 2014.
2. Pursuant to 39 U.S.C. 505, Pamela A. Thompson is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments by interested persons in this proceeding are due no later than March 24, 2014.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove  
Secretary